VERMONT ENERGY INVESTMENT CORPORATION

Delivering *Really* Big Energy Efficiency

– An Implementer's Perspective

Energy Efficiency as a Resource
October 2, 2007

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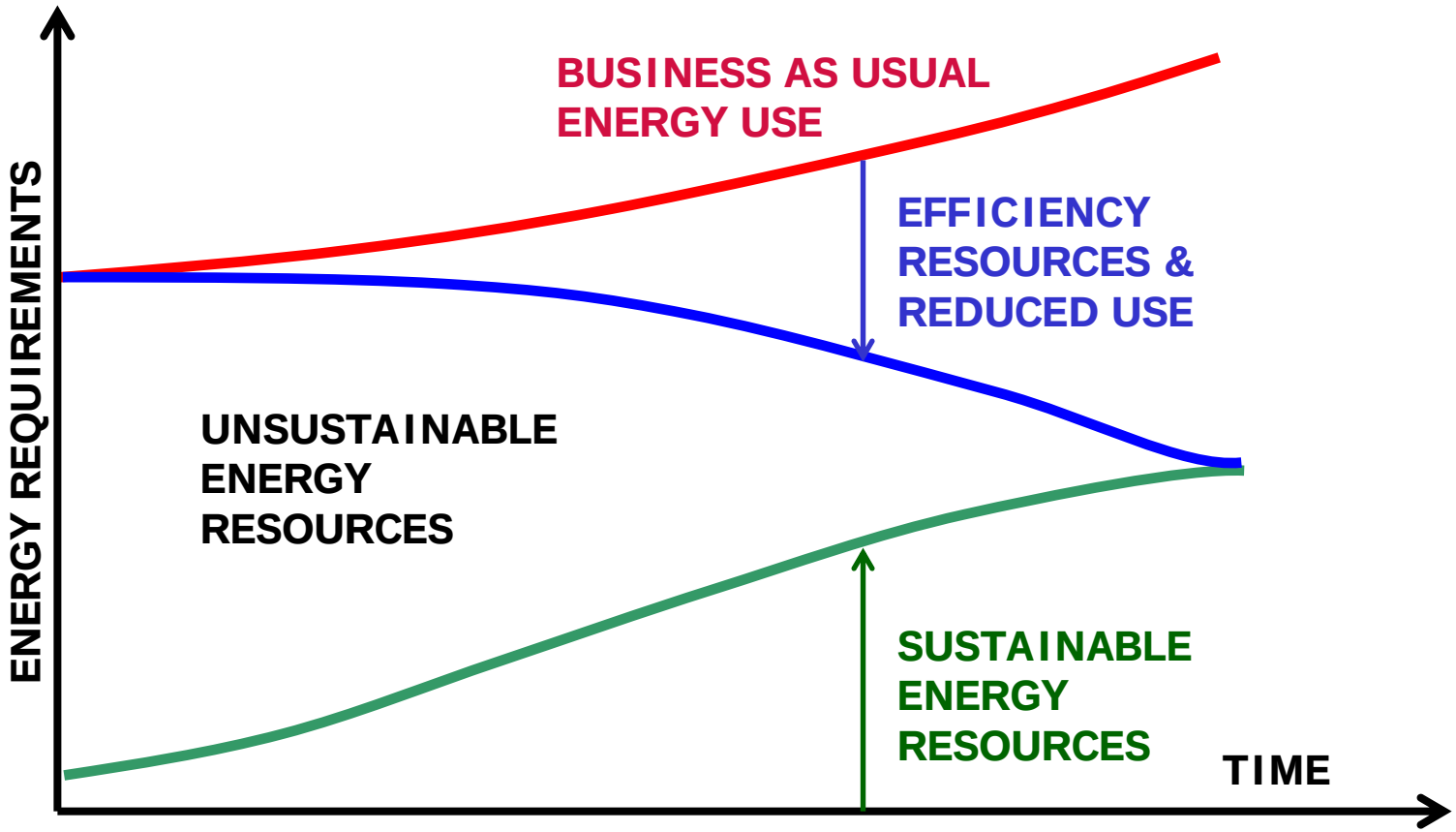
Moving to a Sustainable Energy Future



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How Much Efficiency Will We Have to Deliver?

Because efficiency is our cleanest and cheapest energy resource….

- It *should* and *will* be called upon to provide 30 – 50 % of our future energy requirements

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Delivering 30% of energy resource needs twenty years from now will require ramping up to incremental savings of 3% per year in the next ten years

(assuming 1.5% underlying load growth)

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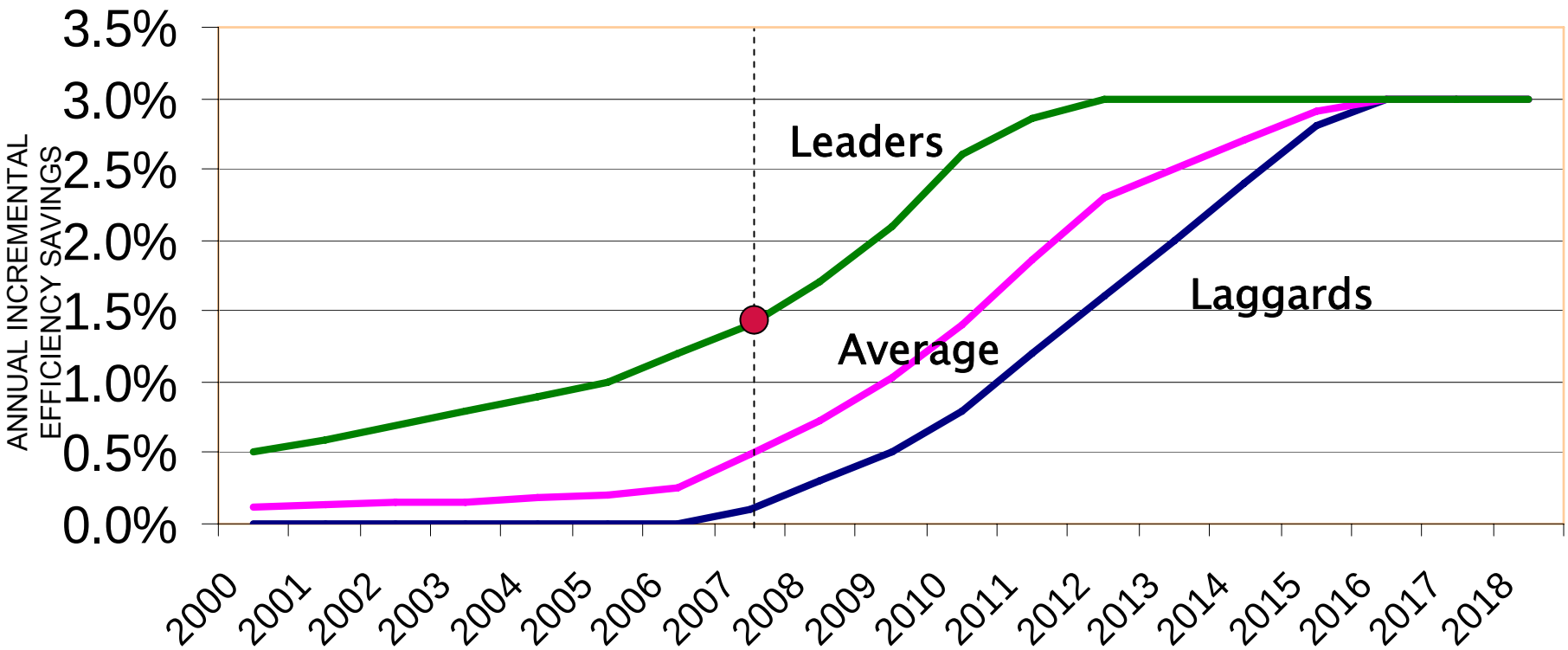
Raising Our Expectations

A scenario for ramping up annual efficiency savings as a portion of load



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Raising Our Expectations

- The rate of efficiency resources delivery of the very best states and utilities in the country will have to double
- For average states and utilities that are already active, it will have to increase six fold
- For those that aren't doing much, expectations of enormous ramp-up need to be adopted

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What Do We Need to Do?

Start by doing much more of what we already know how to do…

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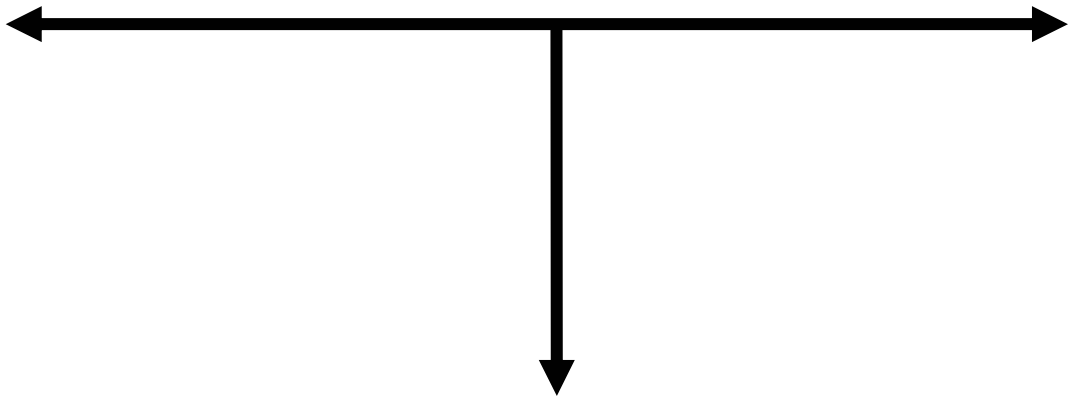
Ramp up to much wider and deeper acquisition of energy efficiency resources

Wider: Every State aggressively ramping up



Deeper: Working toward +3%/year goal

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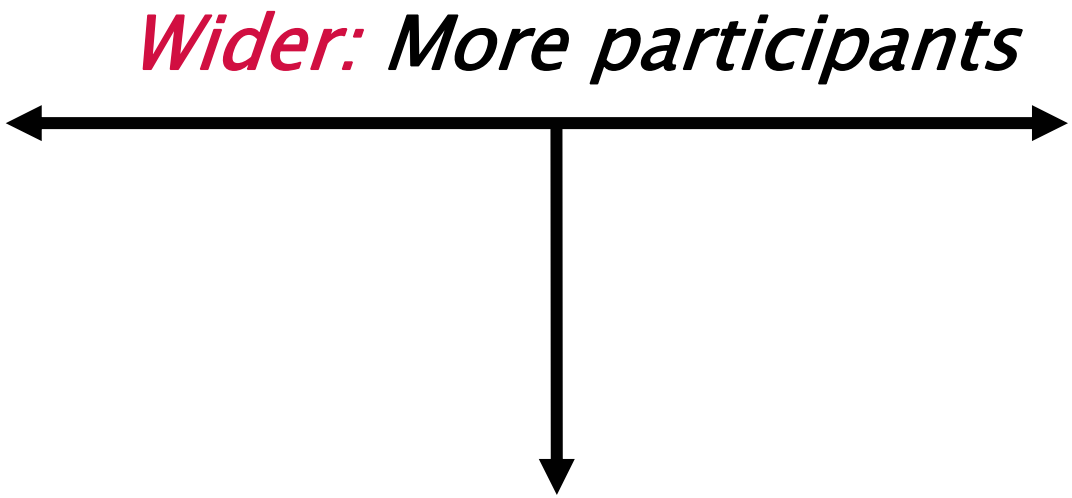
Ramp up to much wider and deeper acquisition of energy efficiency resources



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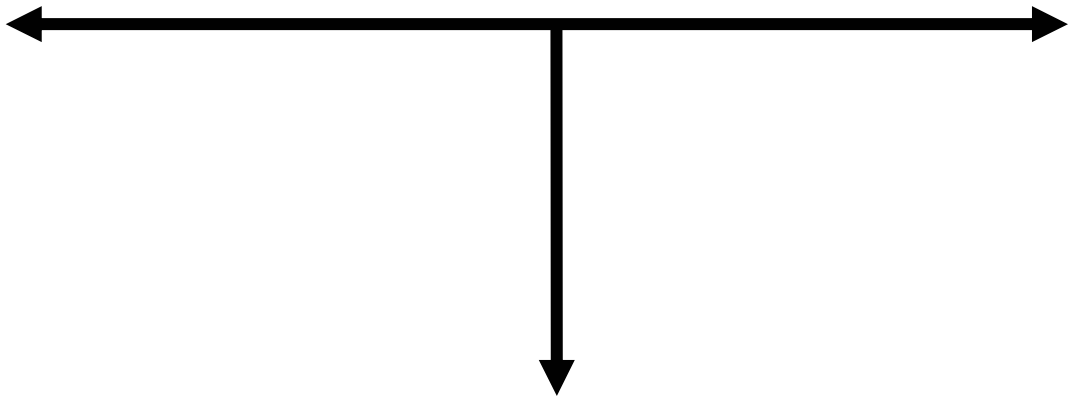
Ramp up to much wider and deeper acquisition of energy efficiency resources

Wider: More decisions affected



Deeper: More savings per decision

Go After Much Deeper Savings in Lost-Opportunity Markets

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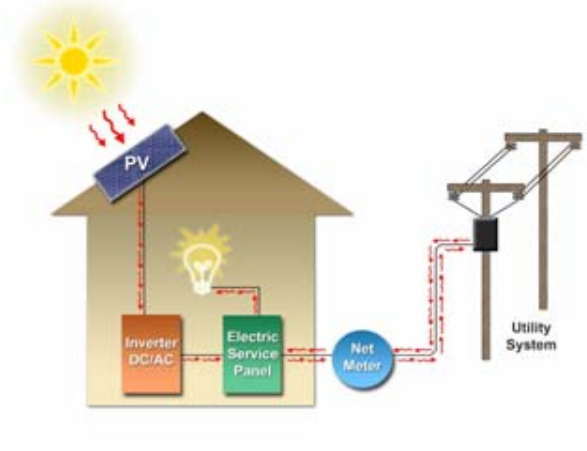
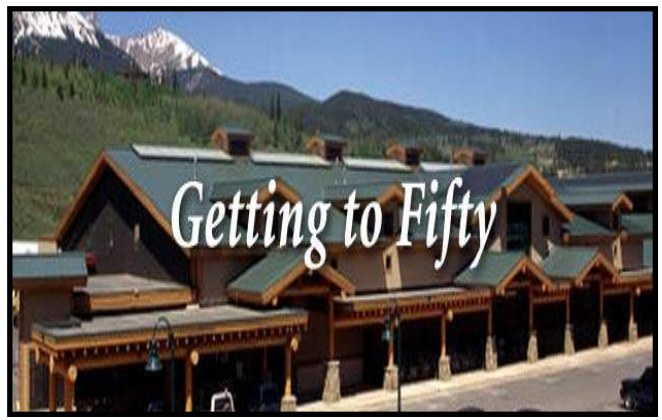
For example, in New Construction…

Much higher Targets

L E E D



Net-zero buildings



50 % + commercial buildings

and Accelerated Adoption as Requirements

Going Deeper in Retrofit of Existing Buildings

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80% Reduction by 2050?

- "One size fits all" goes only so deep – We'll need more *custom* approaches for sub-markets and niche markets
- Much more *comprehensive* – bundles of measures for all end uses and all fuels
- Jump start with massive public investment to develop infrastructure
- Transition to time-of-sale mechanisms, first disclosure and then phased implementation of TOS standards

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More Integration

Integrated
all-fuels
efficiency

Integration with
renewables

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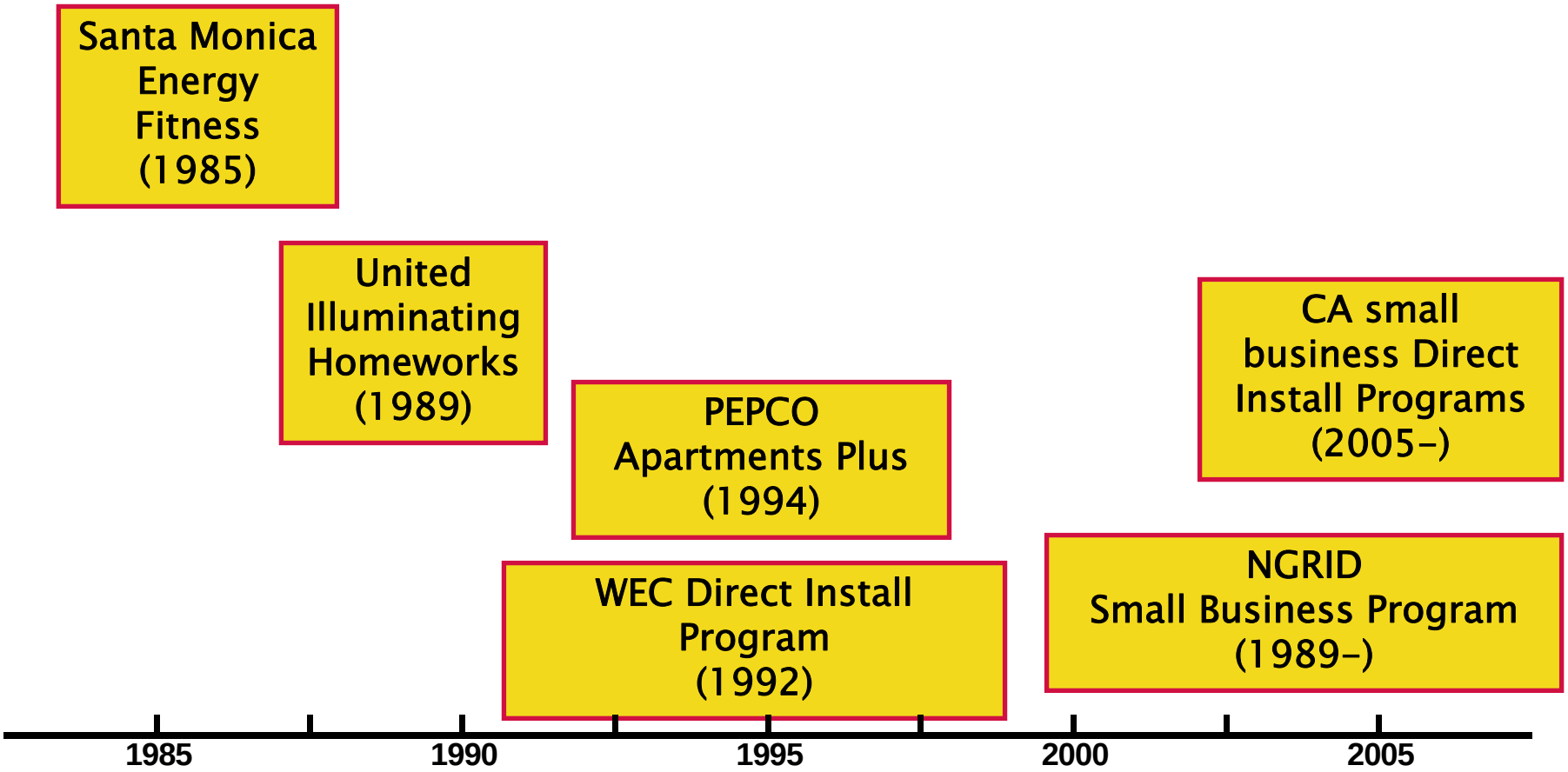
The Return of Direct Install



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More Upstream Market Focus

- More buy-down procurements (e.g., CFLs)
- Supplier-focused strategies (HPT8s, refrigeration)
- More work with and through chain partners
- Franchise approach (building and equipment specs)
- Earlier and much more aggressive Codes and Standards

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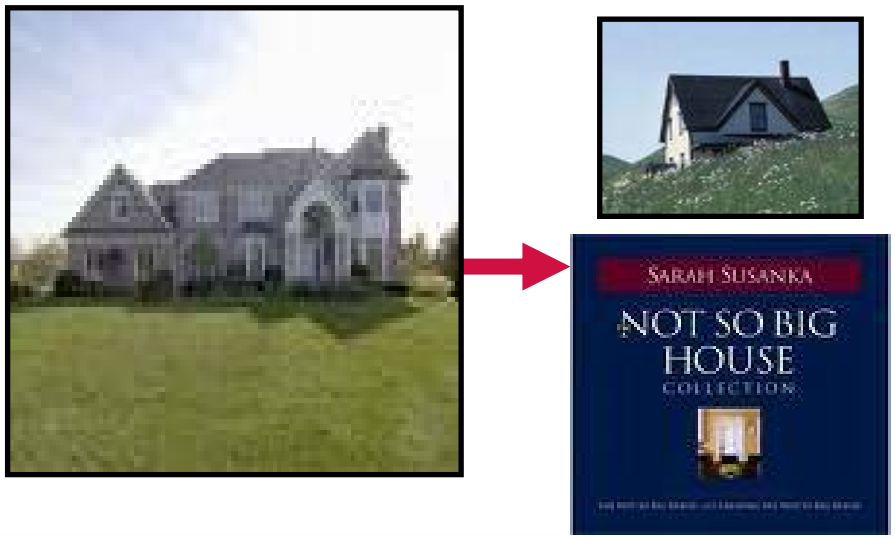
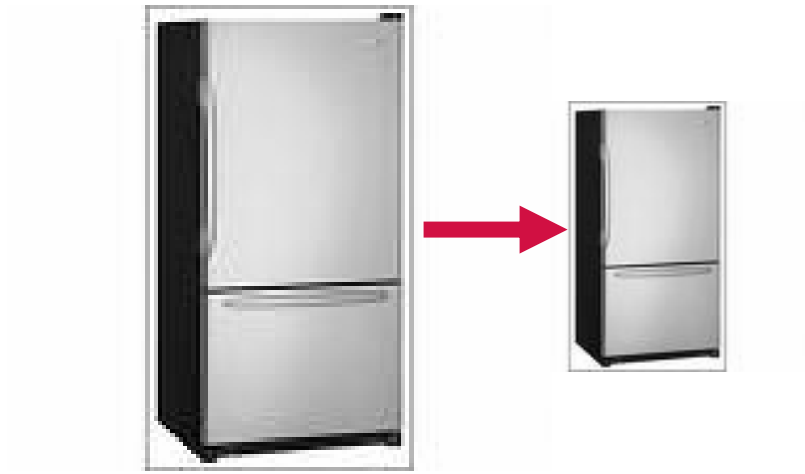
Absolute Use Matters

- It's time to focus on appropriately sized buildings, equipment, and appliances
- Find ways to make downsizing an attribute, amenity, and benefit, rather than a sacrifice
- Make "using less" a value, rather than a sacrifice





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Address our biggest barrier to massive efficiency

Barrier is not *technical* or *economic* –

It's INFRASTRUCTURE

Infrastructure Needs

- A deep, competitive infrastructure of efficiency-related service providers needs to be ready and able to provide services
- An enormous ramp-up
  - We'll need tens of thousands of people
  - For this not to be the barrier, we need training at all levels to ready a new workforce
- Big transformations like this usually require a lot of time
  - We need to get going now

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We'll need to create a market where..

- Providers of efficiency services and products are vigorously competing for customers
- Customers have a broad range of attractive efficiency offers to choose from
- Efficient products, equipment, and buildings are *less* expensive than inefficient ones, using pricing mechanisms that reflect energy costs

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Efficiency should be as easy to buy as energy supply…

- One stop, no hassle, one phone call away
- As easy to buy as the tank of oil it displaces over time
- As easy as pulling into the gas station and pumping gas
- Efficiency products and services as ubiquitous as convenience stores